



Connecticut Business & Industry Association

**TESTIMONY OF
ERIC J. BROWN
BEFORE THE
COMMERCE COMMITTEE
FEBRUARY 17, 2009**

Good morning. My name is Eric Brown and I am an associate counsel with the Connecticut Business and Industry Association (CBIA). CBIA represents approximately 10,000 Connecticut businesses, both small and large companies throughout Connecticut. Approximately 90% of our member companies have fewer than 50 employees.

**CBIA appreciates this opportunity to communicate its
strong support**

for

**H.B. No. 5930: An Act Requiring Small Business Impact Analyses for
Proposed Regulations**

CBIA is very grateful to the committee for bringing this bill forward.

Especially in tough economic times, any new government regulation can potentially mean lost jobs — or even lost businesses. That's why it is so important that the legislature take action this session to reform the regulatory adoption process.

While this bill may extend the time it currently takes to adopt new regulations, it **will not require any additional funding**. We believe it is a core responsibility of an agency to recognize the impact its proposed regulations could have on our businesses and our economy.

By law, agencies are already supposed to conduct a regulatory flexibility analyses identifying potential impacts of proposed regulations on small businesses and "considering" a variety of methods for reducing that impact (see section 2(b), lines 73-86 of the bill). In nearly 20 years of working with Connecticut regulations, I don't recall ever seeing documentation of such an analysis. Perhaps part of the reason is that current law only requires the analysis to be prepared "prior to adoption of the proposed regulation." (see subsection

2(b), line 67). In other words, such an analysis could theoretically be conducted after the

Regulations Review Committee approves the proposal and it is headed to the Office of the Secretary of State for filing!

Section 1 of HB-5930 would correct this procedural failing by requiring that these regulatory flexibility analyses be completed no later than the date of publication of the minimum 30-day notice for public comment required for proposed regulations (see section 1(a)(D), lines 13-15).

In our view, considering methods for reducing the impact of proposed regulations on businesses should be a fundamental priority – and not just for small businesses, but all businesses. We can not conceive of a single justification for unnecessarily burdening any sized Connecticut business with regulations where the goal of the regulation could be accomplished in a manner that is less burdensome to our state's businesses. Section 2(a)(2) of the bill (see line 60) seeks to expand the definition of small business for purposes of the regulatory flexibility analyses from 50 employees to 75 employees. **CBIA would like to see the definition for "small business" for purposes of 4-168a substantially increased to 250 employees – still half the size of a "small business" as defined federally and elsewhere in Connecticut law.**

Another critically important aspect of this bill is that it expands the scope of the fiscal analysis already required to be prepared by agencies, to include the fiscal impact on small businesses (see section 1(a)(5), lines 25-33). Again, the proposal would insure that this impact statement would be completed no later than the date of the publication of the notice for public comment. Including this provision, among other things, will insure that a bona fide and publically reviewable analyses of the fiscal impact on small business will be conducted and that the proposed regulations may not be adopted unless such an analysis is completed.

We also support other provisions in this bill, including those requiring notification to the Commerce Committee of any proposed regulation that may have an adverse impact on small businesses. However, **we strongly urge that this section of the bill (see section 2(c), line 87 of the bill) be modified to specify that the notification occur prior to the publication of the public notice for public comment on the proposed regulations.**

One other suggested modification. In section 1(a) (see line 14), the bill states that notification be provided on when, where and how interested persons may obtain a copy of "the small business impact and regulatory flexibility analysis required pursuant to section 4-168a." We find this a bit confusing as 4-168a does not expressly refer to a "small business impact." Since the bill, if adopted, would require (under 4-168) that the fiscal analysis conducted by the agency include

both an analysis of the fiscal impact on small business as well as the regulatory flexibility analysis (see lines 26-34), it would be cleaner to simply **change line 13-15 to read:**

“when, where and how interested persons may obtain a copy of the fiscal note required pursuant to section 4-168, as amended by this act, . . .

CBIA strongly feels it is time to strengthen these laws to ensure the public and policy makers fully understand the potential impacts of proposed regulations on businesses and our economy well before their adoption. In addition, it's important that agencies' required considerations of providing regulatory flexibility to small businesses be documented and available to the public – also well before final adoption.

Finally, CBIA is calling attention to state law that requires the Regulations Review Committee to determine a date every five years by which time agencies must report to the committee as to whether any of their regulations, among other things, can be modified to reduce the burdens associated with them, whether any of their regulations are obsolete, have not been recently used, have been the subject of written complaint, or are not effective. We understand that this requirement has not been implemented in well over 10 years.

It is far past the time when such a review should be conducted. We believe it is fitting for this committee to work with the Regulations Review Committee to insure such a review moves forward soon.

Thank you very much for this opportunity to comment in support of HB-5930.